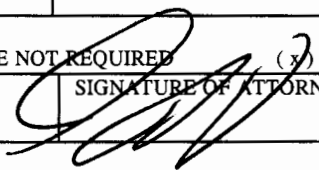


ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)			ADVERSARY PROCEEDING NUMBER (Court Use Only)												
PLAINTIFF(S) Jonathan R. Goldsmith, Trustee in Bankruptcy Of John and Janice Hughes	DEFENDANT(S) Discover Financial Services, LLC														
ATTORNEY(S) (Firm Name, Address, and Telephone No.) Law Office of Jonathan R. Goldsmith 1350 Main Street, 10 th Floor Springfield, MA 01103 (413) 747-0700	ATTORNEY(S) (If Known)														
PARTY (Check one box only) <input checked="" type="checkbox"/> 1 U.S. PLAINTIFF <input type="checkbox"/> 2 U.S. DEFENDANT <input type="checkbox"/> 3 U.S. NOT A PARTY															
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) Preferential transfer under 11 U.S.C. §547.															
NATURE OF SUIT (Check the one most appropriate box only.)															
<table style="width: 100%; border: none;"><tr><td style="width: 33%; vertical-align: top;"><input checked="" type="checkbox"/> 454 To Recover Money or Property</td><td style="width: 33%; vertical-align: top;"><input type="checkbox"/> 455 To revoke an order of confirmation of a Chap. 11 or Chap. 13 Plan</td><td style="width: 33%; vertical-align: top;"><input type="checkbox"/> 456 To obtain a declaratory judgment relating to any of foregoing causes of action</td></tr><tr><td style="vertical-align: top;"><input type="checkbox"/> 435 To Determine Validity, Priority, or Extent of a Lien or Other Interest in Property</td><td style="vertical-align: top;"><input type="checkbox"/> 426 To determine the dischargeability of a debt 11 U.S.C. §523</td><td style="vertical-align: top;"><input type="checkbox"/> 459 To determine a claim or cause of action removed to a bankruptcy court</td></tr><tr><td style="vertical-align: top;"><input type="checkbox"/> 458 To obtain approval for the sale of both the interest of the estate and of a co-owner in property</td><td style="vertical-align: top;"><input type="checkbox"/> 434 To obtain an injunction or other equitable relief</td><td style="vertical-align: top;"><input type="checkbox"/> 498 Other (specify)</td></tr><tr><td style="vertical-align: top;"><input type="checkbox"/> 424 To object to or revoke a discharge 11 U.S.C. §727</td><td style="vertical-align: top;"><input type="checkbox"/> 457 To subordinate any allowed claim or interest except where such</td><td></td></tr></table>				<input checked="" type="checkbox"/> 454 To Recover Money or Property	<input type="checkbox"/> 455 To revoke an order of confirmation of a Chap. 11 or Chap. 13 Plan	<input type="checkbox"/> 456 To obtain a declaratory judgment relating to any of foregoing causes of action	<input type="checkbox"/> 435 To Determine Validity, Priority, or Extent of a Lien or Other Interest in Property	<input type="checkbox"/> 426 To determine the dischargeability of a debt 11 U.S.C. §523	<input type="checkbox"/> 459 To determine a claim or cause of action removed to a bankruptcy court	<input type="checkbox"/> 458 To obtain approval for the sale of both the interest of the estate and of a co-owner in property	<input type="checkbox"/> 434 To obtain an injunction or other equitable relief	<input type="checkbox"/> 498 Other (specify)	<input type="checkbox"/> 424 To object to or revoke a discharge 11 U.S.C. §727	<input type="checkbox"/> 457 To subordinate any allowed claim or interest except where such	
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<input type="checkbox"/> 424 To object to or revoke a discharge 11 U.S.C. §727	<input type="checkbox"/> 457 To subordinate any allowed claim or interest except where such														
ORIGIN OF PROCEEDINGS (Check one box only.) <input checked="" type="checkbox"/> 1 Original Proceeding <input type="checkbox"/> 2 Removed Proceeding <input type="checkbox"/> 3 Transferred to Another Bankruptcy Court <input type="checkbox"/> 4 Reinstated or Reopened		<input type="checkbox"/> CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23													
DEMAND	NEAREST THOUSAND \$15,000	OTHER RELIEF SOUGHT	<input type="checkbox"/> JURY DEMAND												
BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES															
NAME OF DEBTOR John and Janice Hughes		BANKRUPTCY CASE NO. 05-50511													
DISTRICT IN WHICH CASE IS PENDING Massachusetts	DIVISIONAL OFFICE		NAME OF JUDGE Joel B. Rosenthal												
RELATED ADVERSARY PROCEEDING (IF ANY)															
PLAINTIFF	DEFENDANT		ADVERSARY PROCEEDING NO.												
DISTRICT	DIVISIONAL OFFICE	NAME OF JUDGE													
FILING FEE (Check one box only) <input type="checkbox"/> FEE ATTACHED - \$150.00 <input type="checkbox"/> FEE NOT REQUIRED <input checked="" type="checkbox"/> FEE IS DEFERRED															
DATE 6/30/06	PRINT NAME OF ATTORNEY Jonathan R. Goldsmith		SIGNATURE OF ATTORNEY 												

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS

_____)	
In re)	Chapter 7, No. 05-47415-JBR
)	
JOHN HUGHES)	
JANICE HUGHES)	
)	
Debtors)	
_____)	
)	
JONATHAN R. GOLDSMITH, TRUSTEE)	
IN BANKRUPTCY OF)	
JOHN HUGHES)	
JANICE HUGHES)	
)	
Plaintiff)	Adversary Proceeding No.
)	
v.)	
)	
DISCOVER FINANCIAL SERVICES, LLC)	
)	
Defendant)	
_____)	

COMPLAINT

Jurisdictional, Venue and Procedural Allegations

1. This is an Adversary Proceeding brought pursuant to 11 U.S.C. §547(b), §550 and §551, and the Federal Rules of Bankruptcy Procedure §7001 et seq. to: (i) avoid a pre-petition transfer; (ii) recover the property and value of property so transferred; and (iii) to preserve the avoided transfer for the Bankruptcy Estate ("Estate").

2. As a Bankruptcy Court, this Court has jurisdiction over this instant Adversary Proceeding, pursuant to 28 U.S.C. §157, which confers upon this Court jurisdiction over proceedings arising under Title 11 of the United States Code and of civil proceedings arising in or related to cases under Title 11 of the United States Code; and this proceeding may be commenced and prosecuted in this Bankruptcy Court in which this Chapter 7 case is pending.

3. Pursuant to 11 U.S.C. §105(a), this Court has the equitable power to issue Orders that are necessary and appropriate to carry out the provisions of 11 U.S.C. §§101-1330.

Parties

4. The Plaintiff, JONATHAN R. GOLDSMITH, is the duly appointed, qualified and acting Trustee in Bankruptcy of JOHN HUGHES and JANICE HUGHES and has a principal place of business at 1350 Main Street, 10th Floor, Springfield, Massachusetts (“Trustee”).

5. The Defendant, DISCOVER FINANCIAL SERVICES, LLC, is a limited liability company, and upon information and belief, has a principal place of business at 2500 Lake Cook Road, Riverwoods, Illinois (“Defendant”).

Factual Allegations

6. On September 30, 2005, the Debtors filed a voluntary petition pursuant to Chapter 7 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Massachusetts (“Petition Date”).

7. On or about August 25, 2005, the Debtors caused a payment to be made to the Defendant in the stated consideration of \$15,000 (“Payment”). A copy of Debtors’ bank statement reflecting the payment is attached hereto as Exhibit “A”.

8. The Payment was made within ninety days immediately preceding the bankruptcy filing.

9. The Defendant was a creditor of the Debtors.

10. At the time the Payment occurred, the Debtors were insolvent.

11. The Payment enabled the Defendant to receive more than what the Defendant would have received in this case had the Payment not been made.

COUNT I (11 U.S.C. § 547(b))
Preferential Transfer

11. The Trustee repeats and realleges each of the allegations contained in paragraphs 1 through 10 as if fully set forth herein.
12. The Payment was a transfer of an interest of the Debtors in property for the benefit of a creditor.
13. The Payment was on account of an antecedent debt owed by the Debtors before such transfer was made.
14. The Payment was made while the Debtors were insolvent.
15. The Payment was made on or within 90 days of the Petition Date.
16. The Payment enabled the Defendant to receive more than it would have received if the Payment were not made.
17. In light of the above, the Trustee submits that the Payment constitutes a preferential transfer which may be avoided for the benefit of the Estate.

COUNT II (11 U.S.C. § 550)
Recovery of avoided transfer for the benefit of the Estate

18. The Trustee repeats and realleges each of the allegations contained in paragraphs 1 through 17 as if fully set forth herein.
19. The Plaintiff may recover for the benefit of the Estate any transfer avoided under 11 U.S.C. §547.

COUNT III (11 U.S.C. §551)

Avoided transfer is automatically preserved for the benefit of the Estate

20. The Trustee repeats and realleges each of the allegations contained in paragraphs 1 through 19 as if fully set forth herein.

21. Any transfer avoided under 11 U.S.C. §547 is automatically preserved for the benefit of the Estate.

WHEREFORE, the Trustee requests the following relief:

1. Under Count I, that the Payment is avoided as a preferential transfer pursuant to 11 U.S.C. §547;
2. Under Count II, that the Payment is recovered for the benefit of the Estate pursuant to 11 U.S.C. §550;
3. Under Count III, that the Payment is automatically preserved for the benefit of the Estate pursuant to 11 U.S.C. §551; and
4. Grant such other and further relief as may be just and proper.

Dated:

6/30/06

JONATHAN R. GOLDSMITH, TRUSTEE IN
BANKRUPTCY OF JOHN AND JANICE HUGHES

By: 

JONATHAN R. GOLDSMITH, ESQ.
(BBO No. 548285)
1350 Main Street, 10th Floor
Springfield, MA 01103
Tel. (413) 747-0700

JOHN B HUGHES JR OR
JANICE A HUGHES

Interest Checking Additions and Subtractions

Date	Amount(\$)	Resulting Balances(\$)	Transactions
8-23	100.93-	22,250.46	Shaw'S Market 08/23 #000234400 Purchase 92 Cluff Rd Salem NH
8-23	44.75-	22,205.71	CheckCard 0821 Longwood Grill & Bar Boston MA 24610435234072024102243
8-23	21.34-	22,184.37	Cns Maxi Drug 08/23 #000009333 Purchase 176 Haverhill St Methuen MA
8-24	15,000.00-	7,184.37	Discover Des:E-Payment ID:601100153350759 Indn:Hughes John Co ID:2510020270 Web
8-24	103.00-	7,081.37	Atlantic ATM 08/24 #000501456 Withdrwl 249 Ocean Bouleva Hampton BEACH NH
8-24	17.00-	7,064.37	CheckCard 0822 Best Western Hotels Boston MA 24610435235072027081807
8-24	1.50-	7,062.87	Atlantic ATM 08/24 #000501456 Withdrwl 249 Ocean Bouleva Hampton BEACH NH Fee
8-25	1,560.00-	5,502.87	Check 398
8-25	42.46-	5,460.41	CheckCard 0824 Whales Tale Restau Hampton NH 24224435237392863300459
8-25	38.80-	5,421.61	Check 386
8-25	31.46-	5,390.15	Market Basket 08/25 #000148450 Purchase 186 Haverhill Str Methuen MA
8-25	21.31-	5,368.84	CheckCard 0823 Shell Oil 22045330473 Methuen MA 24692165236000968687756
8-25	15.00-	5,353.84	Decalomania 08/24 #000014810 Purchase Decalomania Hampton BEACH NH
8-25	5.22-	5,348.62	CheckCard 0823 Burger King #4899 Q07 Methuen MA 24792625236221494300076
8-26	100.00-	5,248.62	Bank Of Americ 08/26 #000009062 Withdrwl 190 Haverhill St Methuen MA
8-26	76.33-	5,172.29	CheckCard 0824 Cingular Wireless, Llc 800-8887600 WA 24091095237007182355602
8-26	61.25-	5,111.04	Td Banknorth N 08/26 #000386546 Withdrwl Airport Between C Manchester NH
8-26	56.47-	5,054.57	CheckCard 0824 Ashworth By The Sea Re Hampton Beachnh 24761975237512578010226
8-26	50.22-	5,004.35	Sou The Home D 08/26 #000575101 Purchase 289 S Broadway Salem NH
8-26	46.94-	4,957.41	CheckCard 0824 Dr *symantec.com Orderfind.Commn 24610435237004091075348
8-26	11.00-	4,946.41	CheckCard 0825 Rexall Hampton NH 24717055238122389509070
8-26	8.95-	4,937.46	CheckCard 0824 Fusion Connex 603-216-0789 NH 24332395237900080100042
8-26	1.50-	4,935.96	Td Banknorth N 08/26 #000386546 Withdrwl Airport Between C Manchester NH Fee
8-29	1,495.00-	3,440.96	CA Tlr cash withdrawal from Chk 7167 Banking Ctr 805/Balboa #0001747 CA Confirmation# 5178897368
8-29	412.00-	3,028.96	CheckCard 0827 Foxwood Apts LA Mesa CA 24492155239207299700014
8-29	242.87-	2,786.09	Check 393
8-29	100.34-	2,685.75	Shaw'S Market 08/27 #000799700 Purchase 92 Cluff Rd Salem NH
8-29	94.32-	2,591.43	Sou Filenes/Ka 08/27 #000081570 Purchase 99 Reckingham Par Salem NH